BPA Direct Funding for Corps Hydropower Projects in the Pacific Northwest

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NWD Operating Projects:

- 77 dams and reservoirs
- 29 hydroelectric power plants
- 1,600 miles of navigation channels
- 990 recreation sites
- 4 million acres of land and water
- 45 visitor centers

Operations Program Annual Funding :

- Congressional appropriations $250M
- BPA O&M expense $165-185M
- BPA large capital $70-90M
- WAPA O&M expense $3.5M
- WAPA large capital $6M
- Omaha district customer funding $7M
- SWPA NWK non-routine $650k

BPA – Bonneville Power Administration
WAPA – Western Area Power Administration
SWPA – Southwestern Power Administration

BPA and Direct Funding:

- Congress created BPA in 1937 to market and transmit power produced by Bonneville Dam, which is owned and operated by the Corps.
- BPA was granted self-financing authority in 1974, and its marketing authority was expanded to include nearly all electric power generated by federal facilities in the Pacific Northwest.
- The National Energy Policy Act 1992 authorized BPA to direct fund Corps and Reclamation O&M and capital investments at hydropower projects in the region.

BPA and Direct Funding (con't):

- Implementing MOU between BPA and Department of Army to direct fund capital generation additions, improvements, and replacements went into effect in 1994.

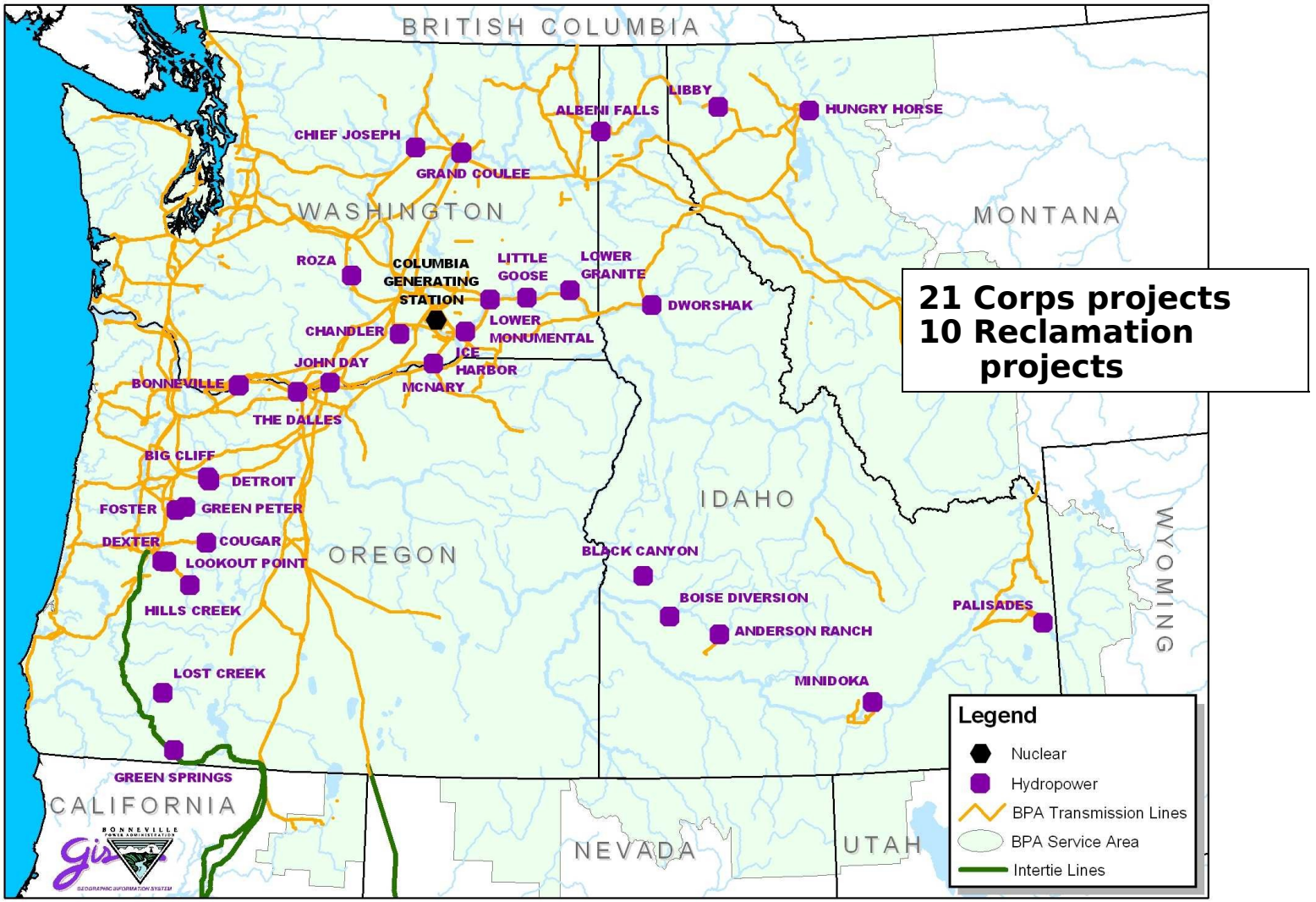
- Implementing MOU between BPA and the Department of Army to direct fund hydropower specific and hydropower joint portion of O&M costs went into effect in 1998.

- Similar agreements were signed between BPA and the U.S. Bureau of Reclamation.

FCRPS Partnership:

- The Federal Columbia River Power System (FCRPS) hydropower program was formed, creating a partnership between the Corps, Reclamation and BPA.
- The program has a mandate to provide low cost, reliable power and effective resource stewardship to the Pacific Northwest.
- Our Premise: There is more potential for increasing value if we operate with a common set of objectives, strategies, and greater trust/collaboration.

Federal Columbia River Power System Generation and Transmission



Direct Funded Program:

- O&M funds from BPA are allocated to Corps projects via the Annual Power Budget (APB).
- The Capital Investment Program is managed via sub-agreements and supporting decision documents. Specific replacement and improvement activities are recommended and approved via collaboration between BPA and the Corps.
- O&M expense and capital funds are derived from power revenues paid to BPA from energy sales (rather than via appropriations).

Joint Operating Committee Responsibilities:

The JOC is responsible for overseeing the operational management of the FCRPS hydro program. Each agency appoints one co-chair to the JOC.

Sub-committees of the JOC are tasked with specific aspects of the program.

- Capital Workgroup
- O&M Subcommittee (budgetary focus)
- O&M Practices (maintenance management focus)
- Performance Measurement Subcommittee
- River Management
- Hydro Optimization Team
- Reliability and Technical Workgroup
- Cultural Resources
- Fish and Wildlife

Steering Committee:

- The three agencies have convened a Steering Committee to provide strategic guidance to the FCRPS hydro program.
- The steering committee is comprised of senior leaders from each agency.
- The JOC implements program initiatives based on Steering Committee guidance and direction.
- Performance metrics are used to establish and monitor goals such as budget execution, safety, compliance, and other indicators of system performance.

Stakeholder Involvement:

- The O&M and Capital budgets are contained in the BPA wholesale power rate case.
- The Corps participates in rate setting and attends public meetings to assist BPA in explaining the proposed budget.
- Stakeholders are provided financial information and opportunities to review program costs, and discuss strategy and policy issues.
- Preference power customers are invited to semi-annual meetings with Corps, Reclamation, and BPA senior managers and executives.
- Outreach is enhanced with periodic plant tours.

Conclusion:

- The FCRPS delivers power worth $4 billion annually to the people of the Pacific Northwest while ensuring power generating assets are properly operated, inspected, and maintained.

- Non-power benefits include flood damage reduction, navigation, irrigation, and recreation.

- Through the FCRPS partnership, the agencies strive to fulfill environmental and social obligations, such as protection and enhancement of fish and wildlife and cultural resources.

Questions?